

SBA

U.S. Small Business
Administration

T

Management

and

Planning

Series

Building America's Future

e Business Plan for Homembased Business

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TABLE OF CONTENTS

INTRODUCTION	1
INFORMATION GATHERING	1
EVALUATING THE SITE FOR YOUR HOME-BASED BUSINESS	
Is a Home-based Business Site Workable?	3
Is a Home-based Business Allowed at the Site? ..	4
Is the Site Insurable? ..	4
Overall Site Evaluation	4
WRITING THE BUSINESS PLAN	
Business Plan? Who Should Write It?	5
OUTLINE FOR A HOME-BASED BUSINESS PLAN	
Cover Page	5
Statement of Purpose	5
PART I-THE BUSINESS	
Legal Structure and Function	6
Organization and Management	6
PART II-THE MARKETING PLAN	
Who Is Your Competition?	6
What Is Your Pricing?	6
What is Your Sales Plan?	6
What is Your Advertising Plan?	9
What is Your Distribution Plan?	9
What is Your Financial Plan?	9
What is Your Risk Management Plan?	10
What is Your Insurance Plan?	10
What is Your Tax Plan?	11
THE ENTREPRENEURIAL PERSONALITY	12
SELECTING A BUSINESS	13
TIME MANAGEMENT	14

SUMMARY

PART III-THE FINANCIAL PLAN

Income (Profit and Loss) Projection

Sources of Funds Schedule

Pro Forma Balance Sheet

Cash Flow Projection

A FINAL WORD

U.S. Smit Business Administration

APPENDIXES	.....	17
A. Income Projection	.....	21
Statement	.....	25
B. Balance Sheet	.....	27
.....	.....	31
C. Monthly Cash Flow	.....
Projection	.....
D. How to Write a		
Business Planc		
E. Information Resources		

INTRODUCTION

Homework has taken on a new meaning for more than 10 million Americans. The drive for economic self-sufficiency has motivated many people to market their skills and talents for profit from home. The increasingly service-oriented economy offers a widening spectrum of opportunities for customized and personalized small business growth.

Success in a small home-based business is not an accident. It requires both skills in a service or product area and management competency.

This publication will help you take stock of your interests, aptitudes and skills. Many people have good business ideas but not everyone has good business skills. If you are convinced that you can operate a profitable home

INFORMATION GATHERING

Though untrained entrepreneurs traditionally have had a high rate of failure, small businesses can be profitable.

business, use this publication as a guide to developing a business plan for your success.

A helpful tool to determine if you are ready to take the risk of a home business operation is the U.S. Small Business Administration (SBA) publication entitled *Checklist for Going Into Business (M/P-12)*. It *will* help you focus on the basic steps in information gathering and

common characteristics and challenges to be considered in launching most home-based businesses. Some tasks are universal to all small business start-ups, while others are unique to home-based businesses. For example, careful research into legal and tax issues, evaluation of proper

THE ENTREPRENEURIAL PERSONALITY

business planning.

While home-based business operations may vary from one that supplements family income with a few hundred dollars to a sophisticated technical consulting service billing hundreds of thousands of dollars, there are many

space utilization and time management discipline are essential. Inadequate attention to the development of a detailed business plan can be costly for you and your family in terms of lost time, wasted talent and disappearing dollars.

Research indicates that successful small business entrepreneurs have some common characteristics. How do you measure up? On the following checklist, write "Y" if you believe the statement describes you, "N" if it doesn't and "U" if you can't decide.

I have a strong desire to be my own boss.
Win, lose or draw, I want to be master of my own financial destiny.
I have significant specialized business ability based on my education and experience.
I have an ability to conceptualize the whole

One or both of my parents were entrepreneurs; calculated risk-taking runs in the family.
My life is characterized by a willingness and capacity to persevere.
I possess a high level of energy, sustainable over long hours, to make the business successful.

While not every successful home-based business owner starts with an affirmative answer to all questions, three or four negative and undecided answers should be sufficient

of a business-not just its individual parts, but how those parts relate to each other. I develop an inherent sense of what is right for a business and have the courage to pursue it.

reason for you to stop and give second thought to going it alone. Many potential proprietors seek extra training, as well as help from skilled business advisors such as accountants, bankers and attorneys.

U.S. Small Business Administration

SELECTING A BUSINESS

Perhaps you have already decided what your home-based business will be. You know how you will serve your market and with what. If not, you need to decide exactly what business you will enter. A logical first step for the undecided is to list areas of personal background, special training, educational and job experience and special interests that could be developed into a business. Review

the following list of activities that have proved marketable for others. On a scale of zero (no interest or strength) to 10 (maximum interest or strength), indicate the potential for you and a total score for each activity.

'For other ideas, check your local public library for books and articles about working from home.

Personal services

- house cleaning
- babysitting
- tatotting
- secretarial
- catering
- direct mail

Handicrafts

- needle work
- ceramics
- jewelry design
- upholstering

Artistic work

- painting
- photography
- prints
- wire sculpture
- engraving

Repair services

- small appliances
- furniture
- clothing
- TV and radio
- automotive

Instruction skills

- languages
- madi
- gourmet cooking
- music
- home repairs

Mail order Ideas

- **product** sales
- repairs
- business service

Seasonal products

- foodstuffs
- clothing
- gift items

Party sales

- cookware
- plants
- plastic goods
- cosmetics

Your own Ideas

[illegible]My Level
of Interest

Personal Strength

Market Strength

Total
Points

Oto 10	SCORING	21 to 25	Probably a Winner, if you answered
11 to 15	Almost a sure loser.		correctly.
16 to 20	Reconsider but proceed with caution.	26 to 30	How can you lose'~
	Soime potential here, worth further study.		

TIME MANAGEMENT

For both the novice and the experienced businessperson planning a small home-based enterprise, a major concern is time management. It is very difficult for some people to make and keep work schedules even in a disciplined office setting. At home, as your own boss, the problem can be much greater. To determine how much time you can devote to your business, begin by drafting a weekly task timetable listing all current and potential responsibilities and the blocks of time required for each. When and how can business responsibilities be added without undue physical or mental stress on you and your family? Potential conflicts must be faced and resolved at the outset and as they occur; otherwise, your business can become a nightmare. During the first year of operation, continue to chart, post and check off tasks on a daily,

Distractions and excuses for procrastination abound. It is important to keep both a planning and an operating log. These tools will help avoid oversights and provide vital information when memory fails.

To improve the quality of time for work at home, install a separate telephone line for the business and attach an answering machine to take messages when you do not wish to be distracted or are away from home. A business line has the added advantage of allowing you to have a business listing in the phone book and, if you wish to buy it, an ad in the classified directory.

EVALUATING THE SITE FOR YOUR HOME-BASED BUSINESS

weekly and monthly basis.

Is a Home-based Business Site Workable?

Where in the home will the business be located? What adjustments to living arrangements will be required? What will be the cost of changes? How will your family react? What will the neighbors think?

It is important to set aside a specific work area. For example, more than one business ledger has gone up in smoke, been chewed by the family dog or been thrown out with the trash when business records were not kept

separate from family papers. Ready access to business records during work hours is essential, but these records must be protected.

Check the reasons below for and against working at home that apply to you. List any additional drawbacks or obstacles to operating a business at home.

Pros

Low start-up costs
Low fixed costs
Tax benefits
Life-style flexibility
No commuting

Cons

Isolation municipal laws and regulations concerning home-based
Space limitations
Zoning
Security concerns
Household interference

Note that changes in personal habits will be required. For example:

Exercising the self-discipline to keep the

television off while you are working.

Limiting personal telephone calls.

• Being diligent in meeting work deadlines when no one is checking.

Ask family members to comment on pros and cons. Their

concerns may require reconsideration of some specifics.

Is a Home-based Business Allowed at the Site?

Investigate potential legal and community problems associated with operating a business from home. There

may be limitations that can make your planned business impossible or require expensive **modifications to your** property. You should research federal, state, county and business operations. Keep a topical file for future reference, including forms that will be needed for your business plan.

The following items should be investigated:

To do **Done**

County, city and state zoning code restrictions.

To do Done

Permits and licenses for operation.
Deed or lease restrictions, such as covenants and restrictive conditions of purchase.
Access and parking for customers and deliveries.
Sanitation, traffic and noise codes.
Signs and advertising.
State and federal code requirements for space, ventilation, heating and lighting.
Limitations on the number and types of workers. Check with the local chamber of commerce office.
Concerns that neighbors may have about a business being located next to or near them.

- Group health and life insurance.
- Product liability coverage if you make or sell a product; workmanship liability for services.
- * Business use of vehicle coverage.

Overall Site Evaluation

After you have gathered as much information as seems practical, evaluate a home-based site versus one or more other nearby locations. Here's a handy checklist. Using the zero to 10 scale, with 10 as the top score, grade these vital factors:

Here are some ways to collect information. Call or visit the zoning office at county headquarters or city hall. In some localities, a city or county office for economic development has materials available to pinpoint key items affecting home-based businesses.
Even in rural areas, the era of unlimited free enterprise is over. Check before investing in inventory, equipment or marketing programs. If in doubt, call the state office for industrial development or the nearest SBA district office. In some states the county agent or home demonstration agent will have helpful information concerning rural or farm business development.
For income tax rules regarding a home-based business, be sure to obtain the Internal Revenue Service (IRS) Publication #587, *Business Use of Your Home*. See Information Resources (Appendix E) for how to contact the IRS.

Is the Site Insurable ?

It is almost certain that significant changes will be required in your insurance coverage when you start a

home-based business. When you have written a good description of your business, call your agent for help in properly insuring against new hazards resulting from your business operations, such as

- Fire, theft and casualty damage to inventory and equipment.
- Business interruption coverage.
- Fidelity bonds for employees.
- Liability for customers, vendors and others visiting the business.

Grades

Factors	Home	Other
Customer convenience.		
Availability of merchandise or raw materials.		_____
Nearby competition.		
Transportation availability.		_____
Quality and quantity of employees available.		_____
Availability of parking facilities.		_____
Adequacy of utilities (sewer, water, power and gas).		_____
Traffic flow.		_____
Tax burden.		
Quality of police and fire services.		_____
Environmental factors.		_____
Physical suitability of the building.		_____
Provision for future expansion.		
Vendor delivery access.		
Personal convenience.		
Cost of operation.	_____	
Other factors including how much the business can grow without moving.	_____	

Totals	_____	

The greater the difference between the totals of the two columns, the clearer your decision should be. In the space below, write your decision and the reasons that support it.

WRITING THE BUSINESS PLAN:

Now **that your research and** initial planning are nearing completion, it is time to move into action. If you are still in favor of going ahead, you should take several specific steps. The first one is to organize your dream into a business plan.

What Is a Business Plan?

- It is the management and financial "blueprint" for start-up and profitable operation.
- It serves as a prospectus for potential investors and lenders.
- It is **written** by the business owner with outside help as needed.
- It is accurate and concise as a result of careful study.
- It explains how the business will function in the marketplace.
- It clearly describes the business's characteristics.
- It details how the business will be financed.
- It outlines how the business will be managed.

Why Create a Business Plan?

The process of putting the business plan together, including the thought that you put in before writing it, forces you to take an objective, critical management. and unemotional look

- The finished written plan is an operational tool that, when properly used, will help you manage your business and work toward its success.
- The completed business plan is a means for communicating your ideas to others and provides the basis for financing your business.
- It will increase your chances of making your business a success.

Who Should Write a Business Plan?

The home-based owner to the extent possible should write a plan. The owner should seek assistance in weak areas, such as accounting, insurance, capital requirements, operational forecasting and tax and legal requirements.

When Should a Business Plan Be Used?

- * To make crucial start-up decisions.
- * To reassure lenders, investors or backers.
- * To measure operational progress.
- To test planning assumptions.
- To adjust forecasts.
- To anticipate ongoing capital and cash requirements.
- To set the standard for good operational at your entire business proposal.

OUTLINE FOR A HOME-BASED BUSINESS PLAN

The following outline is suggested for a small proprietorship or family business. **Shape it to fit** your needs. For more complex manufacturing or franchise operations, you will want to do further research on the specific industry that interests you. Check the Information Resources section (Appendix E) for places to start your research.

Cover Page

The cover page should include the following:

- Business name.
- Street address.
- Mailing address.
- Telephone number.
- Month and year in which plan is issued.
- Name(s) of owner(s).

PART I—THE BUSINESS

What is the date that it was established?

- Proprietorship?
- Partnership?
- Corporation?

Include copies of key subsidiary documents in an appendix to your business plan. Remember, even partnerships require written agreements of terms and conditions to avoid later conflicts and to establish legal entities and equities. Corporations require charters, articles of incorporation and bylaws.

- What is your business's principal activity? [Be specific. Give product or service description(s).]
Examples include
 - Retail sales.
 - Manufacturing.

Statement of Purpose

Why will your business succeed? Promote your idea! State:

- How and why your business will be successful.
- What is unique about your business.
- What your business's "niche" is.

What is your experience in this business?

If you have a current résumé of your career, include it as an appendix and refer to it here. Otherwise write a narrative of your experience here and include a résumé in the finished product. If you lack specific experience, detail how you plan to gain it, such as training, apprenticeship or working with partners who have experience.
Number of the copy.

Legal Structure and Function

In this section write an accurate, concise description of your business, answering the following questions:

- What is the legal structure of your business and

- The expansion of an existing business.
- Purchase of a going business.
- A franchise operation.

What is your actual or projected start-up date?

Organization and Management

Who will do what?

Be sure to include four basic sets of information:

1. A personal history of principals and related work, hobby or volunteer experience (include formal resumes in an appendix).
2. Specific duties and responsibilities of each principal.

3.

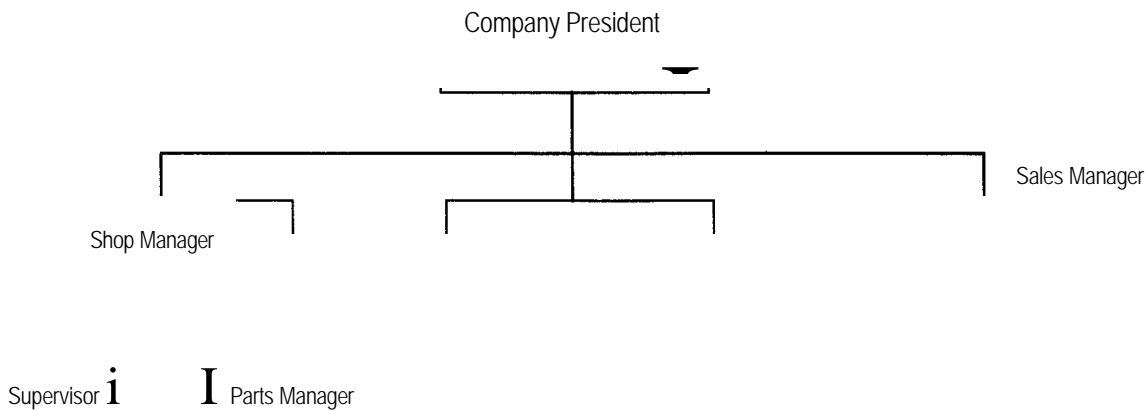
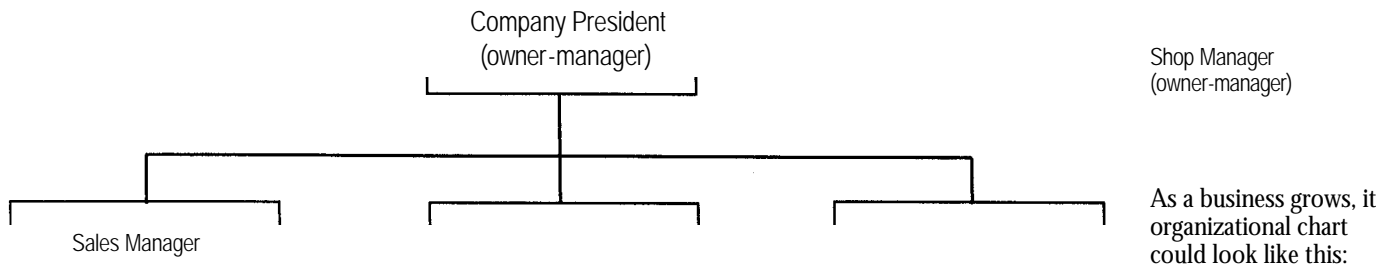
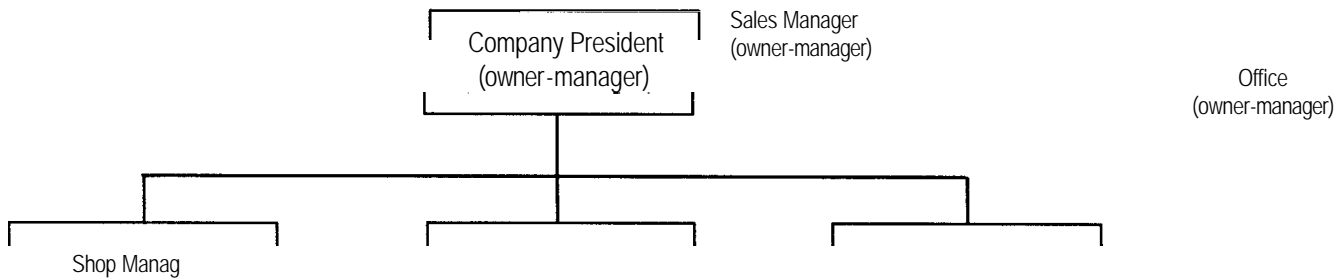
or

Benefits and other forms of compensation for each principal.

4. Other professional resources available to the business, such as an accountant, lawyer, insurance broker, banker, etc. Describe the relationship of each resource to the business; for example, "The accountant will be available on a part-time, hourly basis, as

needed. The initial agreement calls for services not to exceed - hours per month at - per hour."

To make this section graphically clear, start with a simple organizational chart that lists specific tasks and shows who (Pnx of person is more important than individual name, other than for principals) will do what. Use arrows, work flow and lines of responsibility and/or communications. Consider the following examples.



Answer the following questions.

o What are your personnel needs now?

- 1.
- 2.
- 3.
- 4.

* What skills must each key person have?

- 1.
- 2.
- 3.
- 4.

Are the people needed available? Name them, indicate whether they are full- or part-time and their salary rates:

- 1.
- 2.
- 3.
- 4.

Compensation

Month 1 Month 2 Month 3 Month 4 Month 5 Month 6 Month 7 Month 8 Month 9 Month 10 Month 11 Month 12 Full year

8

U.S. Small Business Administration

Detail a proposed work schedule by week and month for the first year.

Calculate total salaries, wages, fringe benefits and payroll taxes for each month of the first year in the workbook below.

If you have identified any gaps in personnel skills, state how these will be overcome by training, purchase of outside services or subcontracting. Check with the nearest state employment office for assistance. Describe your plan.

What Is Your Banking Plan?

What will be the location and type of bank accounts opened for the business? A word of caution: keep business accounts separate from personal or family accounts. These vital records will be necessary for future tax and accounting purposes. Describe your banking plan.

How Is Your Credit Rating?

There may be several partial answers to this question. AU will be important to the future of the business. First, what is your personal history of paying debts? Just to be safe, purchase a

copy of your personal credit record from a

Payroll taxes

Fringe benefits

\$ _____
\$ _____
\$ _____
\$ _____
\$ _____

\$ _____
\$ _____
\$ _____
\$ _____
\$ _____
\$ _____
\$ _____
\$ _____
\$ _____
\$ _____
\$ _____

\$ _____
\$ _____
\$ _____
\$ _____
\$ _____
\$ _____

local **credit bureau and make sure that** it is accurate. Look in the classified telephone directory under "Credit Reporting Agencies."

To establish a credit rating, it is necessary to secure and use credit from a number of businesses. Your rating will

How are their businesses similar to or competitive with yours?

Do you have a unique "niche"? Describe it.

How will your service or product be better or more saleable than your competitors'?

PART II—THE MARKETING PLAN

be based upon your record of paying for goods and services according to the agreed terms. If your prior credit rating is poor, discuss with your lawyer, accountant and banker options for improving it before you seek business credit.

The **marketing plan is the core** of your business rationale. To develop consistent growth in sales, a home-based businessperson must become knowledgeable about the market. To demonstrate your understanding, answer several basic questions.

Describe your market in geographic terms (e.g., county, state, national, etc.).

Describe your market in economic terms (single family, average earnings, number of children, etc.).

How Large Is the Market?

- Total units or dollars
- Growing - Steady - Decreasing -
- If growing, annual growth rate

No small business operates in a vacuum. Get to know and respect the competition. Identify direct competitors (both in terms of geography and product lines) and those who are similar or marginally comparable. Begin by listing names, addresses and products or services. Briefly detail the following information concerning each of your competitors:

Are their businesses growing? Stable? Declining? Why?

What can be learned from observing their operations or talking to their present or former clients?

Will you have competitive advantages or disadvantages by operating from home? Be honest!

Who Is Your Market?

- Describe your typical customer.

Age

Gender

Family size

Annual family income

Location

- Buying patterns
- Reason to buy from you

- Other

Who Is Your Competition?

- Who are the nearest ones?

- Remember, your business can become more profitable by adopting your competitors' good practices and by avoiding their errors.

To help you evaluate your potential success, candidly evaluate the following characteristics of your product or service (you may want to add more characteristics from your knowledge of your field). Use a scale of zero (theirs puts mine to shame) to 10 (mine puts theirs to shame).

Characteristic	Score
Price	
Performance	
Durability	
Versatility	
Speed/accuracy	
Ease of operation or use	
Ease of maintenance or repair	
Ease or cost of installation	
Size, weight or color	
Appearance, styling or packaging	

Total

A total score of less than 60 indicates that you might reconsider the viability of your product or service or think about how you can improve it. Over 80 points indicates a clear competitive edge.

What Percentage of the Market Will You Penetrate?

1. Estimate the market in total units or dollars.
2. Estimate your planned volume.
3. Estimate the volume of total market.
4. Subtract #2 from #3.

Line 4 represents the amount of your planned volume that must be taken away from the competition.

What Is Your Pricing?

The primary consideration in pricing a product or service is the value that it presents to the customer. If, according to the previous checklist of characteristics, your product

is truly ahead of the **field**, you can command premium price. On the other hand, if your product is not unique but one of many similar products, you may have to lower your price to "buy" a share of the market and get a foothold. After you have established a market for your product, try raising the price. This is always risky and difficult. One rule will always hold: Ultimately, the market will set the price. Know your competitors' pricing policies. Send a friend to comparison shop. Is there discounting? Special sales? Price leaders? NUe some "blind" phone calls to your competitors. Remember, though, if your selling price does not exceed your costs and expenses by the margin necessary to keep your business healthy, you will fail. Detail your pricing policy below.

What Is Your Sales Plan?

Describe how you will sell, distribute or service what you sell. Be specific. Some common practices are outlined below.

Direct Sales

Direct sales are made by telephone or in person. The tremendous growth of individual sales representatives who sell by party bookings, door-to-door and through distribution of cah-back promotional campaigns suggests that careful research is required to be profitable.

Mail Order

Specialized markets for mail order products have grown as more two-income families find less time to shop. Be aware of recent mail order legislation and regulations.

Franchising

You may decide to either buy into someone else's franchise as a franchisee or create your own franchise operation that sells rights to specific territories or product lines to others. Each option will require legal, financial and marketing research.

An excellent starting point if you are considering franchise involvement is the SBA publication *Evaluating Franchising Opportunities*. The International Franchise Association (IFA) also publishes a number of valuable aids in this field. Write to them at 1350 New York

Avenue NW, Suite 900, Washington, D.C. 20005.

Distributors

You may decide to work as a local or regional distributor for several different product lines.

Outline your sales plan below.

What Is Your Advertising Plan?

Each product or service will need its own advertising strategy as part of a total marketing plan. Before developing an advertising campaign for your business, review a few basic assumptions. By definition, advertising is any form of paid, nonpersonal promotion that simultaneously communicates with a large number of potential customers. The purpose of advertising is to inform, persuade and remind customers about your company's products or services. Every advertising activity should have specific goals. Common examples are

• To bring in sales orders or contracts.

To promote special events, such as sales, business openings or new products.

To bring in requests for estimates or a sales representative's call.

To establish yourself before start-up and to get potential customer feedback.

Initial forms of advertising might include one or more of the following:

Purchase and distribution of business cards to potential clients.

Posting notices on free bulletin boards in area supermarkets or office complexes.

A telephone survey of potential clients to alert them to your start-up plans.

To determine what types of advertising are appropriate and within company budget projections, carefully review your customer profile and write a clear statement of your advertising goals.

The next step is to answer the following crucial questions about your advertising:

What should be said about the business **and how should it be stated?**

* What media should be used?

• How much can be spent on advertising?

How can the advertising program be implemented?

• How can its effectiveness be measured?

Address the following areas in selecting the types of media for your advertising.

Trading area-Do you plan to serve or sell to an industrial market, a national market, a neighborhood or a specialized market? Describe your market area.

• Customer type-What does your potential customer read or listen to? Where? How often? What image of your product or service does the media you are considering suggest? Does it fit your customer? Describe your customer.

*B
u
d
g*

et restrictions-How will the amount of money you have to spend limit the media you can use? How can you spread your budget over a year to give a repetitive, continuous message? While

you may have to spend more at the start, a useful guide is that advertising should not exceed 1 or 2 percent of sales. How much are you willing to invest in advertising in the first year?

\$

Break this amount into monthly or quarterly installments. your type of business? **What do your competitors**

per month

per quarter

Continuity of *message*-How will the tax of product or service, customer profile and seasonal buying patterns affect your choice of media and the frequency with which you advertise? Explain.

Past *performance*-What is the track record of the advertising media you are considering for

use? What does your trade association suggest? Record appropriate comments.

SUMMARY

Summarize the various operations of your business in a list that includes cost of operation. This outline will be helpful when you create the financial section of your business plan. In addition, you will want to summarize the advantages and disadvantages of a home-based business operation.

S
u

PART III—THE FINANCIAL PLAN

The most critical section of your business plan is the financial plan. In formulating this part of the document, you will establish vital schedules that will guide your business through the troubled waters of the first year and beyond.

Before going into the details of building the financial plan, it is important to realize that some basic knowledge of accounting is essential to the productive management of your business. If you are like most home business owners, you probably have a deep and abiding interest in the product or services that you sell or intend to sell. You like what you do, and it is even more fulfilling that you are making money doing it. There is nothing wrong with

that. Your conviction that what you are doing is worthwhile is vitally important to success. Nonetheless, the salary of a coach who takes the greatest pride in producing a winning team will largely depend on someone keeping score of the wins and losses. The business owner is no different. Your product or service may improve the condition of mankind for generations to come but unless you have access to an unlimited bankroll, you will fail if you don't make a profit. If you don't understand the financial side of your business, you are not in a very good position to assure its profitability.

Cash method accounting is the simplest form of accounting. Sales are recorded when cash is received and expenses are recorded when they are paid. As your business grows, you may want to switch to the accrual method, a system that allows you to record sales and expenses when they are incurred rather than when they are collected or paid.

Most home-based businesses will use the cash method of accounting. This system of record keeping consists of little more than a carefully annotated checkbook in which all receipts and expenditures are recorded, supported by a few forms of original entry (invoices, receipts, cash tickets, etc.). For a sole proprietorship, the very minimum of recorded information needed is that required to accurately complete the IRS Form 1040, Schedule C. Other business types (partnerships, joint ventures and corporations) have similar requirements but use different tax forms.

If your business is, or will be, larger than just a small supplement to family income, you will need more sophisticated record keeping. Stationery stores can provide you with several small business accounting systems complete with simple journals and ledgers and detailed, understandable instructions.

If you think your accounting knowledge is so rudimentary that you will need professional assistance to establish your accounting system, the classified section of your telephone directory can lead you to a number of small accounting services. You can buy as much as you need, from simple "p--g-board" systems all the way to a computerized accounting and tax return service and monthly consulting services to assess the profitability of your business. An initial consultation will usually be free. Look under the heading, "Business Consultants," and make some calls. Be sure to indicate the size of your business so you find consultants who specialize in

home-based operations. Many of them are home-based entrepreneurs themselves and know what you will be going through.

The financial plan includes the following:

- Assumptions-These are short statements of the conditions under which you plan to operate.
 - Market health.
 - Date of start-up.
 - Sales build-up.
 - Gross profit margin.

Equipment, furniture and fixtures required.

Payroll and other key expenses that will impact the financial plan.

◦ *Income (profit and loss) projection*-This is prepared for the first year, broken into twelve months. It should become your first year's budget. See Appendix A.

* *Sources of funds schedule*-This shows the sources of your funds to capitalize the business and how the funds will be distributed among your fixed assets and working capital. See Table 1.

◦ *Proforma balance sheet*---"Pro forma" refers to the fact that the balance sheet is before the fact, not actual. This form displays assets, liabilities and equity of the business. It indicates how much investment will be required by the business and

how much of that investment will be used as working capital in the operation of the business. See Appendix B.

Cashflow projection-This will forecast the flow of cash into and out of your business throughout the year. It helps you plan for staged purchasing, high volume months and slow periods. See Appendix C.

Income (Profit and Loss) Projection

Refer to Appendix A. Create a wide sheet of analysis paper with a three-inch-wide column at the extreme left and 14 narrow columns across the page. Write at the top of the first page the planned name of your business. On the second line of the heading, write "Income Projection (P & L Projection)." On the third line, write "First Year."

Note the headings for each month on Appendix A and copy them onto your 14-column sheet. If the actual start-up date is indefinite, write "Month #1, Month #2," etc. Column 14 should be headed "Annual Total."

In the wide, unnumbered column on the left of your sheet, copy the headings from the similar area on Appendix A. Follow the example set by Appendix A and list all of the other components of your income, cost and expense structure. You may add or delete specific lines of expenses to suit your business. Guard against consolidating too many types of expenses under one

heading because it will make the accounting more difficult. Appendix A provides ample detail for most home-based businesses. Controllable expenses (sames, supplies, advertising, etc.) will be estimated monthly, based on planned volume and seasonal or other fluctuations.

Depreciation allowances for fixed assets, such as production equipment, office furniture and machines, vehicles, etc., will be calculated from the source of funds

schedule.

The instructions describe line by line how the values on the income (profit and loss) projection are developed. Use it as your guide.

Sources of Funds Schedule

To create this schedule, you will need to create a list of all of the assets you intend to use in your business, how much investment each will require and the source of funds to capitalize them. A sample of such a list is shown below in Table 1.

Table 1 - Sources and Costs of Assets

Asset	Cost	Source of funds
Cash	\$ 2,500	Personal savings
Accounts receivable	3,000	From profits
Inventory	2,000	Vendor credit
Pickup truck	5,000	Currently owned
Packaging machine	10,000	Installment purchase
Office desk and chair	300	Currently owned
Calculator	20	Personal cash
Personal computer*	3,000	Personal savings

*A note about office equipment: Although this publication has been written for home-based business operators in general, if you plan an enterprise that produces printed products or a large volume of correspondence, you should consider purchasing desktop software for your computer and a laser printer. Compare two or more systems that appear to meet your needs and select the one with which you feel most comfortable. Don't be afraid to ask for advice.

Before you leave your source of funds schedule, indicate the useful life (in months) for depreciable fixed assets. (In the example, the pickup truck, the packaging machine and the furniture and office equipment would be depreciable.) Generally, any individual item of equipment, furniture, fixtures, vehicles, etc., costing over \$100 should be depreciated. Divide the cost of each fixed asset item by the number of months over which it will be depreciated. You will need this data to enter as monthly depreciation on your profit and loss projection. All of the data on the sources of funds schedule will be needed to create the

balance sheet.

For more information on allowances for depreciation, request free publications and assistance from your local IRS office.

Pro Forma Balance Sheet

Refer to Appendix B, the balance sheet form. There are a number of variations of this form and you may find it prudent to ask your banker for the form that the bank uses for small businesses. It will make it easier for them to evaluate the health of your business. Use Appendix B to get started and transfer the data to your preferred form later. The instructions describe line by line how to develop the balance sheet.

Even though you may plan to spread the purchase of some assets through the year, for the purposes of this pro forma balance sheet, assume that all assets will be provided at start-up.

Cash Flow Projection

An important subsidiary schedule to your financial plan is a monthly cash flow projection. A prudent business practice is to keep no more cash in the business than is needed to operate it and to protect it from catastrophe. In most small businesses, the problem is rarely one of having too much cash. A cash flow projection statement indicates the amount of cash that is going to be absorbed by the operation of the business and compares it against the amount that will be available.

The SBA has created an excellent cash flow projection form, shown in Appendix C. Your projection should be prepared on 13-column analysis paper to allow for a twelve-month projection. The instructions give you a line-by-line description and explanation of the

components of the cash flow projection, including a step-by-step method of preparation. Contact your local SBA office to obtain a free copy of Form 1100.

A FINAL WORD

In completing this publication, you have put in a great deal of time and effort! You should now have all the elements needed to present as simple or sophisticated a prospectus for your enterprise as you desire. More important, you have created the management tools to guide you in your venture. Once the business opens its doors, you will be inundated by the details, problems, challenges and joys of going it alone. It will be difficult to hold to your course through the rough seas ahead, but

don't forget this "chard)ook"; it will see you through to "Port Profit." It should be a living document, referred to regularly and often revised to reflect your experience. Begin a planning cycle that expands this first year plan into one that spans three or five years. **Update it at regular intervals.** Set your goals and live by them. Your success is in your hands. Good planning and good execution!

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INSTRUCTIONS FOR INCOME PROJECTION STATEMENT

The income projection (profit and loss) statement is valuable as both a planning tool and a key management tool to help control business operations. It enables the owner-manager to develop a preview of the amount of income generated each month and for the business year, based on reasonable predictions of monthly levels of sales, costs and expenses.

As monthly projections are developed and entered into the income projection statement, they can serve as definite goals for controlling the business operation. As

actual operating results become known each month, they should be recorded for comparison with the monthly projections. A completed income statement allows the

owner-manager to compare actual figures with monthly projections and to take steps to correct any problems.

Industry Percentage

In the industry percentage column, enter the percentages of total sales (revenues) that are standard for your industry, which are derived by dividing

$$\frac{\text{cost/expense items}}{\text{total net sales}} \times 100\%$$

These percentages can be obtained from various sources, such as trade associations, accountants or banks. The reference librarian in your nearest public library can refer you to documents that contain the percentage figures, for example, *Robert Morris Associates' Annual Statement*

Studies (One Liberty Place, Philadelphia, PA 19103).

Industry figures serve as a useful benchmark against

which to compare cost and expense estimates that you develop for your firm. Compare the figures in the industry percentage column to those in the annual percentage column.

Total Net Sales (Revenues)

Determine the total number of units of products or services you realistically expect to sell each month in each department at the prices you expect to get. Use this step to create the projection to review your pricing practices.

- What returns, allowances and markdowns can be expected?
- Exclude any revenue that is not strictly related to

Cost of Sales

The key to calculating your cost of sales is that you do not overlook any costs that you have incurred. Calculate cost of sales for all products and services used to determine total net sales. Where inventory is involved, do not overlook transportation costs. Also include any direct labor.

Gross Profit

Subtract the total cost of sales from the total net sales to obtain gross profit

Gross Profit Margin

The gross profit is expressed as a percentage of total sales (revenues). It is calculated by dividing

$$\frac{\text{gross profits}}{\text{total net sales}}$$

Controllable Expenses

- Salary expenses-Base pay plus overtime.
- Payroll expenses-Include paid vacations, sick leave, health insurance, unemployment insurance and social security taxes.
- Outside services-Include costs of subcontracts, overflow work and special or one-time services.
- Supplies-Services and items purchased for use in the business.
- Repairs and maintenance-Regular maintenance and repair, including periodic large expenditures such as painting.
- * Advertising-Include desired sales volume and classified directory advertising expenses.
- Car, delivery and travel-Include charges if personal car is used in business, including parking, tolls, buying trips, etc.
- Accounting and legal--Outside professional services.

Fixed Expenses

- Rent-List only real estate used in the business.

the business.

o *Depreciation-Amortization of capital assets.*

- Utilities-Water, heat, light, etc.
- Insurance-Fire or liability on property or products. Include workers' compensation.
- Loan repayments-Interest on outstanding loans.
- Miscellaneous-Unspecified; small expenditures without separate accounts.

Net Profit (loss) (before taxes)	o	Subtract total expenses from gross profit.
Taxes	o	Include inventory and sales taxes, excise tax, real estate tax, etc.
Net Profit (loss) (after taxes)		Subtract taxes from net profit (before taxes).
Annual Total		For each of the sales and expense items in your income projection statement, add all the monthly figures across the table and put the result in the annual total column.
Annual Percentage		Calculate the annual percentage by dividing $\frac{\text{annual total}}{\text{total net sales}} \times 100\%$ Compare this figure to the industry percentage in the first column.

APPENDIX B: BALANCE SHEET

COMPANY NAME

As of 19

Assets	Liabilities	
Current assets	Current liabilities	
Cash	Accounts payable	
Petty cash	Notes payable	
Accounts receivable	Interest payable	
Inventory	Taxes payable	
Short-term investments	Federal income tax	
	State income tax	\$
	Self-employment tax	\$
	Property	
Prepaid expenses	Sale-sz (SBE)	
Long-term investments	Property tax	
Fixed assets	Payroll accrual	
Land	Long-term liabilities	
Buildings	Notes payable	
Improvements	Total liabilities	\$
Equipment	Net worth (owner equity)	
Furniture	Proprietorship	
Automobiles/vehicles	or	
	Partnership*	
	name: Is,~ equity	\$
	name s, equity	\$
Other assets	or	
1.	Corporation	
2.	capital stock	
3.	Surplus aid in	\$
4.	Retained earnings	
	Total net worth	



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(Total assets will always equal total liabilities and total net worth.)

U.S. Small Business Administration

INSTRUCTIONS FOR BALANCE SHEET

Figures used to compile the balance sheet are taken from the previous and current balance sheet as well as the current income statement. The income statement is usually attached to the balance sheet. The following text covers the essential elements of the balance sheet. At the top of the page fill in the legal name of the business, the type of statement and the day, month and year.

Assets

List anything of value that is owned or legally due the business. Total assets include all net values. These are the amounts derived when you subtract depreciation and amortization from the original costs of acquiring the assets.

Current Assets

- Cash-List cash and resources that can be converted into cash within 12 months of the date of the balance sheet (or during one established cycle of operations). Include money on hand and demand deposits in the bank, e.g., checking accounts and regular savings accounts.
- Petty cash-If your business has a fund for small miscellaneous expenditures, include the total here.
- Accounts receivable-The amounts due from customers in payment for merchandise or services.
- Inventory-Includes raw materials on hand, work in progress and all finished goods, either manufactured or purchased for resale.
- Short-term investments-Also called temporary investments or marketable securities, these include interest- or dividend-yielding holdings expected to be converted into cash within a year. List stocks and bonds, certificates of deposit and time-deposit savings accounts at either their cost or market value, whichever is less.
- Prepaid expenses--Goods, benefits or services a business buys or rents in advance. Examples are office supplies, insurance protection and floor space.

Long-term Investments

Also called long-term assets, these are holdings the business intends to keep for at least a year and that typically yield interest or dividends. Included are stocks, **bonds and savings accounts earmarked for special purposes.**

Fixed Assets

Also called plant and equipment. Includes all resources a business owns or acquires for use in operations and not intended for resale. Fixed assets, except for land, are listed at cost less depreciation. Fixed assets may be leased. Depending on the leasing arrangement, both the value and the liability of the leased property may need to be listed on the balance sheet.

* Land-List original purchase price without allowances for market value.

◦ *Buildings*

* Improvements

* Equipment

◦ *Furniture*

* Automobiles/vehicles

Liabilities

Current Liabilities

List all debts, monetary obligations and claims payable within 12 months or within one cycle of operations.

Typically they include the following:

◦ Accounts payable-Amounts owed to suppliers for goods and services purchased in connection with business operations.

* Notes payable-The balance of principal due to pay off short-term debt for borrowed funds. Also include the current amount due of total balance on notes whose terms exceed 12 months.

◦ Interest payable-Any accrued fees due for use of both short- and long-term borrowed capital and credit extended to the business.

- Taxes payable-Amounts estimated by an accountant to have been incurred during the accounting period.
- Payroll accrual-Salaries and wages currently owed.

Long-term Liabilities

Notes payable-List notes, contract payments or mortgage payments due over a period exceeding

12 months or one cycle of operations. They are listed by total assets.

Not Worth

Also called owner's equity, net worth is the claim of the owner(s) on the assets of the business. In a proprietorship or partnership, equity is each owner's original investment plus any earnings after withdrawals.

Total Liabilities and Net Worth

The sum of these two amounts must always match that for
outstanding
balance less
the current
portion due.

month

Date _____

1

1

2

3

4

17

6

Total
Column 1

ts pa

[illegible]

nd
; of month)
ots (a) Cash sales (b) Collections frm credit accounts (c) Loan or other cash injection (R-ffy)
receipts
2c = 3)
available (before cash out) (I + 3)
out (a) Purchases (merchandise) (b) Gross wages (excludes withdrawals) (c) Payroll expenses (taxes, etc.) (d) Outside services (e) Supplies (office and operating) (f) Repairs and maintenance (g) AdvertisinR (h) C
R and legal

on hand
beginning of month)
receipts
cash sales
collections from credit accounts
cash or other cash injection
cash receipts
b + 2c = 3)
cash available
cash out) (I + 3)
paid out
purchases (merchandise)
gross wages (excludes withdrawals)
roll expenses (taxes, etc.)
outside services
supplies (office and operating)
repairs and maintenance
inventory
freight, delivery and travel
accounting and legal
rent
telephone
utilities
insurance

Cash on hand same as (7), Cash position, previous month

All cash sales. Omit credit sales unless cash is actually received.
Amount to be expected from all credit accounts. Indicate here all cash injections not shown in 2(a) or 2(b) above.

Merchandise for resale or for use in product (paid for in current month)
Base pay plus overtime (if any)
Include paid vacations, paid sick leave, health insurance, unemployment insurance, etc. (this might be 10 to 45% of 5(b))
This could include outside labor and/or material for specialized or overflow work, including subcontracting
Items purchased for use in the business (not for resale)
Include periodic large expenditures such as painting or decorating
This amount should be adequate to maintain sales volume
If personal car is used, charge in this column, include parking
Outside services, including, for example, bookkeeping
Real estate only (See 5(p) for other rentals)

Water, heat, light and/or power
Coverages on business property and products (fire, liability); also worker's compensation, fidelity, etc. Exclude executive life

assets (real estate, etc.)
debt
other expenses (specify each)

~~(include in 5(w))~~
Plus inventory tax, sales tax, excise tax, if applicable
Remember to add interest on loan as it is injected (See 2(c) above)
Unexpected expenditures may be included here as a safety fact
Equipment expensed during the month should be included here (non-capital equipment)
When equipment is rented or leased, record payments here
Small expenditures for which separate accounts would not be practical
This subtotal indicates cash out for operating costs
Include payment on all loans, including vehicle and equipment purchases on time payment
Nonexpensed (depreciable) expenditures such as equipment, building, vehicle purchases and leasehold improvements
Expenses incurred prior to first month projection and paid for after start-up
Example: insurance, tax or equipment escrow to reduce _____ of large periodic payments

Should include payment for such things as owner's income tax, social security, health insurance, executive life insurance premiums, etc.

Enter this amount in (1) Cash on hand following month.

This is basic information necessary for proper planning and for proper cash flow projection. In conjunction with this data, the cash flow can be evolved and shown in the above form. This is a very important figure and should be estimated carefully, taking into account size of facility and employee output as well as realistic anticipated sales (actual sales, not orders received).
Previous unpaid credit sales plus current month's credit sales, less amounts received current month (deduct "C" below)
Bad debts should be subtracted from (B) in the month anticipated
Last month's inventory plus merchandise received and/or manufactured current month minus amount sold current month
Previous month's payable plus current month's payable minus amount paid during month
Established by your accountant, or value of all your equipment divided by useful life (in months) as allowed by Internal Revenue Service

cellaneous (unspecified)
otal
n principal payment_
ital purchases (specify)
er start-up costs
erve and/or escrow (Specify)
ner's withdrawal
paid out
ugh 5w)
ion
month) (4 minus 6)
al operating data
ish flow information)

sales volume (dollars)

Accounts receivable (~r~d of month)
Bad debt (end of month)
nventory on hand (end of month)
Accounts payable (end of month)
Depremtion

The following pages provide a suggested outline of the material that should be included in your business plan. Your final plan may vary according to your needs or because of the individual requirements of your lender.

What Are the Benefits ?

Every business can benefit from the preparation of a carefully written plan. There are two main purposes for writing that plan:

- 1 . To serve as a guide during the lifetime of the business. It is the blueprint of your business and will provide you with the tools for analysis and change.
2. A business plan is a requirement if you are planning to seek a loan. It will provide potential lenders with detailed information on all aspects of your company's past and current operations and provide future projections.

Business Plan Outline

1. Cover sheet
Serves as the title page of your business plan. It should contain the following:
 - Name of the company
 - Company address
 - Company phone number (include area code)
 - Logo (if you have one)
 - Names, titles, addresses, phone numbers (include area code) of owners
 - Month and year your plan was issued
 - Name of preparer
11. Statement of purpose
(Same as executive summary.) This is the thesis statement and includes business plan objectives. Use the key words (who, what, where, when, why, how, and how much) to briefly tell about the following:
 - What your company is (also who, what, where and when).
 - What your objectives are.
 - If you need a loan, why you need it.
 - How much you need.

III. **Table of contents**

A page listing the major topics and references.

IV. **The business**

Covers the details of your business. Include information about your industry in general, and your business in particular. Address the following:

Legal structure-Teff what legal structure you have chosen and state reasons for your choice.

Description of the business-Detail your

business. Tell about your history, present status and future projections. Outline your product or service in terms of marketability. Project a sense of what you

expect to accomplish in the next few years.

Products or services-Give a detailed description of your products from raw materials to finished items. Tell about your manufacturing process. If you provide a service, tell what it is, how it is provided and why it is unique. List future products or services you plan to provide.

Location-Describe site and why it was chosen. (If location is important to your marketing plan, focus on this in the marketing section below.)

Management-Describe who is behind the business. For each owner, tell about responsibilities and abilities. Support with resumes.

◦ Personnel-Who will be doing the work, why are they qualified, what is their wage, what are their responsibilities?

◦ *Methods of record kAeeping*-What accounting system will you use? Who will do your record keeping? Do you have a plan to help you use your records in analyzing your business?

Insurance-What kinds of insurance will you need? What will these cost and who will you use for a carrier?

Security-Address security in terms of inventory control and theft of information.

V. **Marketing**

- Why you will be successful.
- How and when you plan to repay your loan.

Covers the details of your marketing plan. Include information about the total market with emphasis on your target market. Identify

your customers and tell about the means to make your product or service available to them.

- Target market-Identify characteristics of your customers. Tell how you arrived at your results. Back up information with demographics, questionnaires and surveys. Project size of your market.
- Competition-Evaluate indirect and direct competition. Show how you can compete. Evaluate competition in terms of location, market and business history.
- *Methods of distribution*-Tell about the manner in which products and services will be made available to the customer. Back up decisions with statistical reports, rate sheets, etc.
- Advertising-How will your advertising be tailored to your target market? Include rate sheets, promotional material and time lines for your advertising campaign.
- Pricing-Pricing will be determined as a result of market research and costing your product or service. Tell how you arrived at your pricing structure and back it up with materials from your research.
- Product design-Answer key questions regarding product design and packaging. Include graphics and proprietary rights information.
Timing of market entry-Tell when you plan to enter the market and how you arrived at your decision.
- *Location*-If your choice of location is related to target market, cover it in this section of your business plan. (See date. It is a location in the business section of this financial condition outline.)
- *Industry trends*--Give current trends, project how the market may change and what you plan to do to keep up.

VI. Financial documents

These are the records used to show past, current and projected finances. The following are the major documents you will want to include in your business plan. The work is easier if these are done in the order presented.

- Summary of financial needs-This is an outline indicating why you are applying for a loan and how much you need.
- Sources and uses of funds statement-It will be necessary for you to tell how you intend to disperse the loan funds. Back up

Cashflow statement (budget)-This document projects what your business plan means in terms of dollars. It shows cash inflow and outflow over a period of time and is used for internal planning. Cash flow statements show both how much and when cash must flow in and out of your business.

Three-year income projection-A pro forma income statement showing your projections for your company for the next three years. Use the pro forma cash flow statement for the first year's figures and project the next according to economic and industry trends.

Break-even analysis-The break-even point is when a company's expenses exactly match the sales or service volume. It can be expressed in total dollars or revenue exactly offset by total expenses or total units of production (cost of which exactly equals the income derived by their sales). This analysis can be done either mathematically or graphically.

NOTE: The following are actual performance statements reflecting the activity of your business in the past. If you are a new business owner, your financial section will end here and you will add a personal financial history. If you are an established business, you will

actual performance statements

Balance sheet-Shows the

the business as of a fixed

picture of your firm's

at a particular moment and will show you whether your financial position is strong or weak. It is usually done at the close of an accounting period, and contains assets, liabilities and net worth.

Income (profit and loss) statement

Shows your business financial activity over a period of time (monthly, annually). It is a moving picture showing what has happened in your business and is an excellent tool for assessing your business. Your ledger is closed and balanced and the revenue and expense totals transferred to this statement.

your statement with supporting data.

Businessfinancial history-This is a summary of financial information about your company from its start to the present. The business financial history and loan application are usually the same. If you have completed the rest of the financial section, you should be able to **transfer all the** needed information to this document.

VH. **Supporting documents**

These are the records that back up the statements and decisions made in the three most main parts of your business plan. Those commonly included are as follows:

Contracts-Include all business contracts, both completed and currently in force. Legal documents-All legal papers pertaining to your legal structure, proprietary rights, insurance, titles, etc. Miscellaneous documents-All other documents that have been referred to, but are not included in the main body of the plan (e.g., location plans, demographics, advertising plan, etc.).

- Personal resumes-Should be limited to one page and include work history, educational background, professional affiliations and honors and special skills. Personal financial statement-A statement of personal assets and liabilities. For a new business owner, this will be part of your financial section. Credit reports-Business and personal

- from suppliers or wholesalers, credit bureaus and banks. Copies of leases-All agreements currently in force between your company and a leasing agency. Letters of reference-Utters recommending you as being a reputable and reliable businessperson worthy of being considered a good risk. (Include both business and personal references.)

Putting Your Plan Together

When you are finished: Your business plan should look professional, but the lender needs to know that it was done by you. A business plan will be the best indicator he or she has to judge your potential for success. It should be no more than 30 to 40 pages long. Include only the supporting documents that will be of immediate interest to your potential lender. Keep the others in your own copy where they will be available on short notice. Have copies of your plan bound at your local print shop, or with a blue, black or brown cover purchased from the stationery store. Make copies for yourself and each lender you wish to approach. Do not give out too many copies at once, and keep track of each copy. If your loan is refused, be sure to retrieve your business plan. For a more detailed explanation of each section of the business plan outline, see SBA's publication, *How to Write a Business Plan*, which includes step-by-step directions and sample sections of actual business plans. Also available from the SBA is a VHS videotape and workbook, "The Business Plan: Your Roadmap for Success."

APPENDIX E: INFORMATION RESOURCES

U.S. Small Business Administration (SBA)

The SBA offers an extensive selection of information on most business management topics, from how to start a business to exporting your products.

This information is listed in *The Small Business Directory*. For a free copy write to: SBA Publications, P.O. Box 1000, Fort Worth, TX 76119.

SBA has offices throughout the country. Consult the U.S. Government section in your telephone directory for the

office nearest you. SBA offers a number of programs and services, including training and educational programs, counseling services, financial programs and contract assistance. Ask about

- Service Corps of Retired Executives (SCORE),

a national organization sponsored by SBA of over 13,000 volunteer business executives who provide free counseling, workshops and seminars to prospective and existing small business people.

- Small Business Development Centers (SBDCs), sponsored by the SBA in partnership with state and local governments, the educational community and the private sector. They provide assistance, counseling and training to prospective and existing business people.

- Small Business Institutes (SBIs),

organized through SBA on more than 500 college campuses nationwide. The institutes provide counseling by students and faculty to small business clients.

For more information about SBA business development programs and services call the SBA Small Business

Answer Desk at 1-800-U-ASK-SBA (827-5722).

Other U.S. Government Resources

Many publications on business management and other related topics are available from the Government Printing Office (GPO). GPO bookstores are located in 24 major cities and are listed in the Yellow Pages under the "bookstore" heading. You can request a *Subject Bibliography* by writing to Government Printing Office, Superintendent of Documents, Washington, DC

Many federal agencies offer publications of interest to small businesses. There is a nominal fee for some, but most are free. Below is a selected list of government agencies that provide publications and other services targeted to small businesses. To get their publications, contact the regional offices listed in the telephone directory or write to the addresses below:

Consumer Information Center (CIC)

P.O. Box 100
Pueblo, CO 81002

The CIC offers a consumer information catalog of federal publications.

Consumer Product Safety Commission (CPSC) Publications Request

Washington, DC 20207

The CPSC offers guidelines for product safety requirements.

U.S. Department of Agriculture (USDA)
12th Street and Independence Avenue, SW
Washington, DC 20250

The USDA offers publications on selling to the USDA. Publications and programs on entrepreneurship are also available through county extension offices nationwide.

U.S. Department of Commerce (DOC)
Office of Business Liaison
14th Street and Constitution Avenue, NW
Room 5898C

Washington, DC 20230

DOC's Business Assistance Center provides listings of business opportunities available in the federal government. This service also will refer businesses to different

programs and services in the DOC and other federal agencies.

U.S. Department of Health and Human Services (HHS)

Public Health Service
Alcohol, Drug Abuse and Mental Health
Administration

5600 Fishers Lane
Rockville, MD 20857

Drug Free Workplace Helpline: 1-800-8434971. Provides information on Employee Assistance Programs.

National Institute for Drug Abuse Hotline:
1-800-662-4357. Provides information on preventing substance abuse in the workplace.

The National Clearinghouse for Alcohol and Drug Information: 1-800-729-6686 toll-free. Provides pamphlets

U.S. Department of Labor (DOL)
Employment Standards Administration
200 Constitution Avenue, NW
Washington, DC 20210
The DOL offers publications on compliance with labor laws.

U.S. Department of Treasury
Internal Revenue Service (IRS)
P.O. Box 25866
Richmond, VA 23260
1-800-424-3676
The IRS offers information on tax requirements for small businesses.

U.S. Environmental Protection Agency (EPA)
Small Business Ombudsman
401 M Street, SW (A-149C)
Washington, DC 20460
1-800-368-5888 except DC and VA
703-557-1938 in DC and VA
The EPA offers more than 100 publications designed to help small businesses understand how they can comply with EPA regulations.

U.S. Food and Drug Administration (FDA)
FDA Center for Food Safety and Applied Nutrition
200 Charles Street, SW
Washington, DC 20402
The FDA offers information on packaging and labeling requirements for food and food-related products.

For More Information

A librarian can help you locate the specific information you need in reference books. Most libraries have a variety of directories, indexes and encyclopedias that cover many business topics. They also have other resources, such as

Trade association information

Ask the librarian to show you a directory of trade associations. Associations provide a valuable network of resources to their members through publications and services such as newsletters, conferences and seminars.

Books

Many guidebooks, textbooks and manuals on small business are published annually. To find the names of books not in your local library check *Books In Print*, a directory of books currently available from publishers.

Magazine and newspaper articles

Business and professional magazines provide information that is more current than that found in books and textbooks. There are a number of indexes to help you find specific articles in periodicals.

In addition to books and magazines, many libraries offer free workshops, lend skill-building tapes and have catalogues and brochures describing continuing education opportunities.

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